

2009 - 10

Report on the
Public Lending Right
Scheme
and
Central Fund Account



Public Lending Right Annual Report and Account 2009-2010

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Report presented to Parliament pursuant to Section 3(8) of the Public Lending Right Act 1979; Account, of the Public Lending Right Central Fund, presented to Parliament pursuant to Section 2(6) of the Public Lending Right Act 1979.

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Public Lending Right

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Preface

It gives me great pleasure to lay before Parliament this report on the operation of the Public Lending Right Scheme for 2009-10.

This has been another great year for the PLR Registrar, Dr Jim Parker, and his team and I would like to thank them for their hard work. To have successfully reduced running costs by 3% while in the same year delivering a record-breaking rate per loan of 6.29p (up from 5.98p in 2008-09) is a fantastic achievement.

Increasing our use of digital technology to deliver more efficient services to the public across the DCMS sector is crucial and I am delighted that PLR is blazing a trail on this front. PLR's work to develop online registration and electronic payment is an excellent example of new technology providing administrative benefits as well as a wider and more flexible service to authors.

And this year PLR has successfully exported overseas to Ireland its IT expertise by designing and developing a PLR system for the Irish government. Payments made by the new Irish system to UK authors whose books are borrowed widely in Irish libraries represent a new and welcome revenue stream for British writers. Furthermore, the income generated by the project – the first venture of its kind attempted by the Registrar and his team – supplemented PLR's grant in aid this year and contributed to the new, higher, rate per loan.

I have every confidence that Dr Parker and his team will continue to rise to the challenge of providing an excellent service to authors in a difficult economic climate and look

forward to 2010-11 being another great year for PLR.



Rt Hon Jeremy Hunt MP
Secretary of State for Culture,
Olympics, Media and Sport

Overview

This Review covers the second year of our current three-year Funding Agreement with our sponsor department, DCMS, for the period 2008-11. Under the Agreement our principal objective is to achieve a 3% reduction in the running costs of the PLR Scheme in each of the three years. Our target for 2009-10 was £779,000 which represents a 3% real term saving against the previous year's baseline of £803,000. We achieved this target and were able to find some additional savings to supplement the funding available for payment to authors.

To meet the challenging targets set for us in Years 1 and 2 of the current Funding Agreement we have had to take some difficult decisions on work priorities and staffing levels. We have reviewed every area of the Scheme's operation with a view to identifying efficiencies while seeking to protect front-line services to authors and meeting our legal obligations under the PLR legislation. As a result we have been able to reduce PLR's staff complement by some 25%. This has led to some restructuring which was completed during 2009-10. Staff across the PLR office have all now undergone retraining and are now capable of covering a range of front-line duties. The new approach proved its worth in dealing with the high levels of queries we receive from authors at payment time in January and February and in June in the run-up to the annual deadline for registrations.

Lower running costs release more funding for payment to authors and the February 2010 rate per loan of 6.29 pence was the highest since the start of the Scheme. The rate was also supplemented by income received from the Library Council in

Dublin for our work in designing and developing a PLR system for the Irish government. Completion of the project on target in December 2010 was a major achievement for the small PLR team, and in particular for our IT manager who undertook the bulk of the work.

Also successful last year was the Parliamentary All Party Writers Group initiative, supported by the Registrar, to make the case to DCMS Ministers for modernising PLR by extending the Scheme to loans of audio and ebooks. Proposals were included in the Digital Economy Bill which received royal assent before the General Election was called.

In last year's Report we described the programme of events that we had planned in partnership with stakeholder organisations in the author and library sectors to mark the 30th anniversary of the PLR Act. The wider publicity that the programme generated resulted in over 2,100 new authors registering for PLR, a 50% increase on the previous year's figure. Making sure that authors know about the Scheme and do not miss out on their PLR opportunity is an important part of our work and is underpinned by our marketing strategy.

We also completed the appointment of members to the new PLR Management Board which provides advice to the Registrar on all aspects of the operation of the Scheme and which replaced the Advisory Committee. With its first two meetings under its belt during the year the new Board is already proving its worth in helping the Registrar manage the PLR Scheme and plan for its future development.

Author and Corporate Services

Author and Book Registration

The departure of the Author Services manager at the beginning of the year and the assumption by the Registrar of line management responsibility for this area of work marked the final stage of implementation of our redundancy plan. With the return of a member of staff from maternity leave and the training of Finance, HR and IT colleagues to help with front-line services to authors, we coped well with workloads at peak times during the year.

Thanks to the publicity generated by last year's 30th anniversary programme of events over 2,100 authors registered with PLR for the first time, a 50% increase on the previous year's figure. Take-up of PLR's online registration service also continues to grow, with just over 74% of new authors now taking advantage of this service. The increased popularity of the online service (and our decision last year to stop sending printed statements to authors who had not qualified for a PLR payment) has reduced the costs and staff time involved in printing, packing and despatching statements to authors in December and January each year. But growing reliance on online services has also had an impact on the types of queries received. We are increasingly aware of the technical skills required by front-line staff to cope with these and have adapted our training policy accordingly.

Loans Data Collection

To help meet our overall running cost target we continue to make savings in the costs of loan data collection by reducing the number of participating authorities to the legal minimum required by the Scheme. This is a departure from our previous policy of

sample expansion. Statistical studies that we have commissioned in the past have indicated that the larger and more broad-based the sample, the fairer it is for authors and more representative of the variety of book stock held by public libraries across the country. So we remain alert to the possibilities of increasing the sample size by bringing in groups of authorities operating as consortia, and from July 2010 we will be including the London Library Consortium which now comprises 13 authorities.

All loans data from the 2008-09 sample was collected and processed in good time for the autumn rate per loan calculations in preparation for the February 2010 payments. To meet the Scheme's requirements, seven authorities dropped out of the sample by rotation on 30 June 2009 and were replaced by new authorities. Loans data collected from the 2009-10 library sample will form the basis of the payments to authors in 2011. More details of the library authorities included in the PLR sample over this two-year period are provided in Table 1 opposite.

We remain concerned about the restrictiveness and obsolescence of the Scheme's provisions for selection and management of the library sample. We feel that there is scope for further efficiencies in our approach to loans data collection if we could have a simpler and less prescriptive Scheme. We look forward to revisiting our proposals for modernisation with the new Ministers at DCMS when an opportunity allows.

Finance

The annual PLR payment cycle requires us to recommend to Ministers in October a rate per loan on which

payments to authors can be made in the following February. Careful financial planning enabled us to free up some £6.76 million from our grant-in-aid last year for payment to authors while retaining sufficient funding to see the operation of the Scheme through to the end of the financial year. We were successful in meeting our Funding Agreement target of £779,000 for the running costs of the Scheme. Additional savings achieved in the first half of the year enabled us to top up the funds available for payment to authors by an additional £17,000. Income from the Irish PLR project was also used to support the rate per loan during 2009-10. With the completion of the project we have now agreed a support contract with the Library Council and payment for this will be made at fixed intervals thus facilitating decisions on the in-year timing of its future use.

Human Resources

Line management responsibility for staff in the author services area was taken over by the Registrar at the start of the year. With the support of author services staff procedures have been streamlined and updated and the team relocated to that part of the office occupied by corporate services colleagues. This has facilitated our planning for a single-team approach to front-line service provision. As noted above, this pooling of resources has proved its worth in dealing with the continued growth of the Scheme and the peaks of work at busy times of year.

During 2009-10 staff received an average of 6 days training per person. This was largely undertaken in-house. We continue to place great emphasis on cross-team training to ensure that we can maintain front-line services

Table 1
Sample Library Authorities
 2008/09 and 2009/10

England

Brighton & Hove	Cornwall
Cambridge	Lancashire
Leicestershire/Rutland	Sheffield
Surrey	Staffordshire
Stockton-on-Tees	Wiltshire *

Metropolitan Districts

Dudley	Newcastle Upon Tyne *
St Helens *	

Greater London Boroughs

Lambeth	
Redbridge / Havering / Wandsworth / Tower Hamlets (forming part of the London Libraries Consortium) *	

Wales

Neath Port Talbot *	Powys
Swansea *	

Scotland

East Lothian	Moray
Edinburgh	

Northern Ireland

Northern Ireland Library Authority (replacing the five former library boards in Northern Ireland)	
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*Authorities marked with * were replaced in 2009/10 by*

<i>Cardiff</i>	<i>Glasgow</i>
<i>City of London</i>	<i>Islington</i>
<i>Monmouthshire</i>	<i>Sefton</i>
<i>Sunderland</i>	<i>Warwickshire</i>

with reduced staffing levels. All corporate services staff are now trained to deal with a range of author registration issues and within the author services area staff are increasingly able to deal with both author and book registrations and the processing of loans data from sample library authorities. We have also provided for a number of office-wide training events where there has been a training requirement for all staff.

Accommodation and Security

Administrative expenditure this year included some essential work on central heating and other core services. The work provided an opportunity to replace outdated equipment with more energy-efficient facilities. We remain confident that our accommodation at Richard House provides value for money and will continue to meet our needs until 2014 when our lease runs out.

2009-10 saw the introduction of a new government Security Policy Framework which provides for a system of compliance reporting to DCMS. The Framework provides standards for ensuring government assets, including records, are protected in a proportionate manner from terrorist attack and other illegal or malicious activity. Much of the Framework relates to information and records covered by the government's Protective Marking System (PMS). We have established from DCMS that the classes of records held by PLR fall outside the official coverage of the Framework and are already adequately covered by Data Protection legislation. However, the introduction of the new Framework provided a useful benchmark for assessing our security policies and as a result we have reviewed our

Information Systems Strategy and access rights and have introduced some new security procedures. We will continue to use the Framework as part of future yearly reviews of our data security systems.

Sustainable Development

At PLR we are fully committed to the government's policies on sustainability and to reducing our carbon footprint. For the year under review this stood at 19.82 tonnes. We have reduced the amount of paper we use by limiting in-house printing to essential items only, use of double sided printing and greater use of emails. Annual statements are now only sent to those authors who qualify for payment and authors with online accounts have access to their payment and book loans details via the PLR website. We continue to encourage authors to sign up to our online service to support this green initiative. All our waste paper, printer toners and packaging are recycled. Paper and envelopes that we use are made from recycled materials or are from sustainable sources. All non-essential equipment is turned off when not in use and we make sure all equipment is shut down overnight. Lights are also turned off and air conditioning is limited to the one room housing essential IT equipment.

Business Continuity

We review our Business Continuity Plan regularly and the management team takes part in an annual scenario testing event. We are acutely conscious of the issues that arise from the size of the PLR team and the reliance on key members of staff to undertake essential functions. The provision of job cover in these areas is therefore an essential part of our

business continuity planning. The main risks to the successful operation of the PLR Scheme are set out in our Risk Register and discussed regularly at internal management meetings, and by the PLR Management Board and Audit Committee.

We have introduced a different approach to data back-up and security this year following the installation of new hardware and software. We have replaced tape back-ups with direct back-up to external hard drives. This is a faster process and gives more flexibility in recovering files as they are directly accessible. Their extensive capacity also provides for future expansion.

Information and Communication Technology

The development of the Irish PLR application has been completed on target enabling the first payments to be made to authors in February this year by Irish PLR staff using their new system. The first stage, processing of library loans data, went live in April 2009 with the second stage, author and book registration, following in October. The final phase, payment calculation, went live in December last year. Project implementation included the electronic migration from the UK PLR system of the personal and book details of all registered authors who had provided permission for the data transfer.

The project highlighted a range of issues and challenges as we strove to meet the Library Council's ambitious timetable of completion of system development by December 2009. By adopting a flexible project management approach and committing significant amounts of

Payments to Authors

PLR IT staff time to the project we were successful in completing the project on target. But this has resulted in a backlog of in-house development work which we will begin to address in the coming year.

During the year staff workstations were upgraded and a new Windows 7 platform installed. With completion of the Irish PLR project, we were also able to bring forward plans to upgrade the network hubs, used in transferring electronic traffic through the office. The updated hubs operate at one gigabyte per second so will be more efficient in balancing network traffic. We have also deployed a new domain server running the Small Business Server 2008. This replaces our current OSCAR (intranet) server and will further enhance system performance.

The annual payment distribution to authors was undertaken in February 2010. Payment was made to authors whose books had been registered for PLR by 30 June 2009. Payments are made on the basis of a rate per loan which is derived from dividing the total number of estimated loans of registered books into the funding available after the deduction of the Scheme's running costs. The Registrar was able to recommend to DCMS Ministers an increased rate of 6.29 pence which, with the help of colleagues at DCMS, received parliamentary assent in time for the despatch of payment statements to authors in the first week in January.

The Scheme requires the Registrar to provide authors with a statement detailing PLR's estimate of the loans of their individual titles across the UK and the PLR payments they can expect from each. This information is made available to authors in the month before payments are due. The information has traditionally been provided to every registered author in the form of a printed notification sent out by post. The processing, printing, packing and despatch of the statements is a labour-intensive exercise involving the whole PLR team. To improve efficiency last year we made the statements available electronically to users of PLR's online registration service. Some 6,000 authors took advantage of this service. For the second year statements were only sent to authors who qualified for payment.

Payments were made to 23,241 authors in February 2010. The payment thresholds remained the same as in previous years: payments of less than £1 are not made. No author can earn more than a maximum payment of £6,600. 250

authors qualified for the maximum payment.

Payments were made in the week beginning 6 February. To minimise costs we aim to make as many payments as possible directly into authors' bank accounts through the automatic clearing system (BACS). This year all but 320 payments (1.38% of the total) were effected electronically. Bespoke software developed in-house by PLR's IT team to manage the various aspects of the overall payments process is enabling the smaller PLR team to manage the various processes that make up the annual payment cycle. These include the need to keep track of returned payments and payments 'on hold' from previous years which are due to authors with whom the PLR office has lost touch. (The PLR legislation requires the Registrar to hold such unpaid amounts for up to six years, after which they are returned to the PLR Fund.)

The bulk of the Fund (96%) was distributed in payments to authors living in the UK. Payments are also made to authors resident in other European Economic Area countries whose books have been lent out by public libraries in the UK. The largest amount went to authors living in Ireland (over £183,000) with smaller total amounts of between £6,000 and £11,000 going to authors in the Netherlands, France, Spain and Italy.

A breakdown of the payments by band is provided in Table 2 (over).

Table 2
Payment Distribution

23,241 authors and assignees (23,773 in 2008-09) qualified for payments.
 The numbers of authors in the various payment categories were as follows:

Authors Earning:	2009-10 27th Year	2008-09 26th Year
£6,000.00 - £6,600.00	282	269
£5,000.00 - £5,999.99	80	83
£2,500.00 - £4,999.99	364	379
£1,000.00 - £2,499.99	850	784
£500.00 - £999.99	962	932
£100.00 - £499.99	3,423	3,507
£50.00 - £99.99	2,145	2,150
£1.00 - £49.99	15,135	15,669
No of Authors	23,241	23,773
Expenditure	6,759,890	6,630,381

An analysis of the distribution of money for the twenty seventh year to authors by payment category shows:

	£	%
£6,000.00 - £6,600.00	1,852,727	27
£5,000.00 - £5,999.99	439,271	7
£2,500.00 - £4,999.99	1,285,096	19
£1,000.00 - £2,499.99	1,367,640	20
£500.00 - £999.99	679,126	10
£100.00 - £499.99	794,663	12
£50.00 - £99.99	153,847	2
£1.00 - £49.99	187,520	3
		100

Development of the Scheme

Two developments during the year are noteworthy: the inclusion in the Digital Economy Act of provisions to extend PLR to loans of audio and ebooks; and the publication of proposals in DCMS's modernisation review of public libraries to place responsibility for PLR under a new strategic body for libraries.

The 30th anniversary of the 1979 Public Lending Right Act provided an opportunity to review the continuing relevance of PLR to the use of authors' works in public libraries and the Scheme's restriction of payment to the lending out of printed books. In partnership with the Parliamentary All Party Writers Group the Registrar submitted recommendations to Ministers in support of extending the Scheme to encompass loans of audio and ebooks in public libraries. Ministers proved sympathetic to the proposals and, following public consultation, made provision for the extension of PLR to loans of audio and (certain categories of) ebooks in the Digital Economy Bill which received royal assent in April.

From a PLR point of view this was ground-breaking legislation. Changes to primary legislation have proved hard to achieve over the years and the inclusion of the PLR changes in the Act reflects a welcome recognition of the importance of PLR for authors and the need for the Scheme to adapt to the changes that have taken place in libraries since the scheme's inception. It is also a landmark as it provides for PLR entitlement to be extended beyond authors for the first time: the producers and narrators of audio books will qualify for PLR.

For the changes to become operational they must first be included in the PLR legislation. This now awaits

decisions by Ministers.

The second development was the inclusion of proposals for PLR's future governance in the last government's policy statement on the future of public libraries published in March this year. The modernisation review advocated the creation of a new strategic libraries body for England, bringing together the functions of the Registrar of PLR, the Museums, Libraries and Archives Council and the Advisory Council on Libraries with a view to realising efficiencies and reducing administrative costs. Ministers in the new government have now decided not to proceed with the proposal.

PLR's marketing strategy is at the heart of our planning process and aims to ensure that authors from every background are aware of their PLR opportunity. The new PLR Board has indicated its wish for a change of emphasis away from stand-alone publications like *Writers Talk* which has now been discontinued. The Board is keen for a higher priority to be given to direct communications with authors and other stakeholders taking advantage of electronic facilities.

We are also committed to developing further our partnership arrangements with related authors' organisations such as the Authors Licensing and Collecting Society (ALCS) which distributes foreign PLR payments to UK authors. One possibility is to work towards a common means of access for authors to the respective services and payments that we provide. There will be various issues to overcome here, not least the different governance and legislative backgrounds to our respective operations but we have taken an

important first step with the development of a single package of application forms for our organisations which has been sent to publishers and agents for distribution to their authors.

We have been very successful in encouraging take-up by authors of our online registration service. But by the nature of PLR many authors make only occasional use of the online service and are therefore more likely to need assistance in accessing their accounts. We will therefore be looking to extend the range of information available to online users to encourage more frequent use, and this will include access to their historic loans data which is already provided online to public libraries through PLR's LEWIS facility.

In tackling all of these issues we are already benefiting from the support of the PLR Board which is now fully operational and providing advice to the Registrar and his team across the full range of PLR functions.

Summary of Performance against Funding Agreement Targets

The PLR legislation provides a closely circumscribed statutory framework within which the Registrar and his team have to operate. But within these constraints, the Scheme's importance for authors and the range of modernising initiatives undertaken by the PLR team provide a natural fit with several DCMS priorities and targets relating to improving efficiency and maximising the contribution of the creative industries to the UK economy. The Funding Agreement formalises the linkage between PLR's objectives and activities and DCMS's wider remit, and identifies key performance targets by which achievement of PLR's business deliverables and objectives can be measured. These measures are subject to formal reporting procedures with DCMS and regular monitoring by the PLR management team.

For more detailed information on DCMS's strategic aims, goals and public value outcomes please visit www.culture.gov.uk

2008 – 2011 Funding Agreement

As set out in section 3 of the Funding Agreement, by providing financial support to writers and other authors, PLR supports the following DCMS Departmental Strategic Objectives

- DSO 2 - Support talent and excellence in culture, media and sport
- DSO 3 - Realise the economic benefits of the Department's sectors

Through its Value for Money (VFM) Delivery Agreement with HM Treasury, DCMS is committed to generating 3% VFM savings over the three-year period 2008-11, and PLR has therefore been asked to meet the following targets:

	2007-08 baseline	2008-09	2009-10	2010-11
VFM savings target (£000s)	828	803	779	756
Output		Achieved	Achieved	

The level of scrutiny adopted in monitoring performance during the period of this Funding Agreement will be commensurate with the outcome of regular joint risk assessment exercises. The documents relevant to this agreement and against which performance will be monitored are:

- Allocation letter
- Corporate Plan
- Annual Reports and Accounts
- Risk Assessment
- Management Statement / Financial Memorandum
- Statement of Internal Control
- Managing Public Money

PLR Central Fund Account

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Public Lending Right

Central Fund Account 2009-2010

MANAGEMENT COMMENTARY

These are the accounts for the twenty seventh year of the Public Lending Right (PLR) Central Fund and cover the annual payments due to authors at 31 March 2010.

History and Statutory Background

The Public Lending Right Act 1979 established a right for authors to receive remuneration from public funds in respect of their books lent out from public libraries. The calculation of library loans is estimated from a sample of public libraries where issues are recorded electronically and processed by local authority computers before transmission to the Registrar's computer at Stockton-on-Tees.

The details of eligible books, eligible authors, and payment calculations are set out in The Public Lending Right Scheme 1982, as amended in 1983, 1984, 1988, 1989 and 1990. The consolidated text appears in Statutory Instrument 1990 No 2360. Further amendments were made in Statutory Instruments 1991 No 2618, 1993 No 799, 1996 No 3237, 1997 No 1576, 1998 No 1218, 1999 Nos 420, 905, 3304, 2000 Nos 933, 3319, 2001 No 3984, 2002 No 3123, 2003 No 839, 2003 No 3045, 2004 No 1258, 2004 No 3128, 2005 No 1519, 2005 No 3351, 2006 No 3294, 2009 No 3259.

The Public Lending Right Management Board advises the Registrar on the operation of the Scheme but has no formal responsibility for the overall performance of PLR. Appointments to the Board are made by the Registrar. Details of the Board's membership at 31 March 2010 are provided in Annex A.

Review of Activities

The twenty seventh year's operations are described in the PLR Annual Report which includes the statutory report on the operation of the Scheme laid before Parliament by the Secretary of State for Culture, Olympics, Media and Sport. We successfully processed all applications for PLR registration from authors and loans data from the 30 authorities in our public library sample in time for Rate Per Loan calculations in October 2009 and payment distribution in February 2010. Proposals to extend PLR to loans of audio and e-books were included in the Digital Economy Bill which received royal assent on 8 April 2010. The Registrar will work with DCMS to implement the changes in the PLR legislation. The Registrar and his team completed the development of the new Irish PLR system in December 2009 and full payment for work undertaken was received from the Library Council in Dublin within the financial year. The last government has published proposals to create a new strategic libraries body bringing together PLR, the Museums, Libraries and Archives Council (MLA) and the Advisory Council on Libraries. Ministers in the new government have decided not to proceed with these proposals.

Financial Review

In line with Government objectives, PLR seeks to maximise the amount of Grant in Aid made available for distribution to authors. We have been able to achieve this by making further efficiency savings in running costs through the redundancy programme and reduced accommodation costs. These savings have enabled us to meet the running cost target of £779,000 in our Funding Agreement with DCMS and significantly increase the Rate Per Loan for the February 2010 payments.

Payments to Authors

PLR's core funding from DCMS was £7.58 million (£7.43 million in 2008-09). On the basis of the funding available, it was possible to increase the Rate Per Loan for the February 2010 payments to authors to 6.29 pence (5.98 pence in 2008-09). A total sum of £6,759,890 (£6,630,381 in 2008-09) was made available from the Central Fund for paying out to 23,241 (23,773 in 2008-09) authors. 83% of the Fund was distributed in payments of £500 or more.

Expenditure includes £103,383 still to be paid at the year end. These authors' addresses are unknown to PLR, or their assignees have not made probate claims. A further £10,910 is a separate provision which is used to supplement the central fund (see Note 9). There were 10,097 (7,816 in 2008-09) authors whose books earned no payment.

Fixed Assets

No land or buildings are owned. No funds are accumulated for the replacement of other assets. Future replacement will need to be financed from funds voted in the year of acquisition.

Movements on fixed assets are set out in note 12 to the financial statements.

Payment of Creditors

The Registrar aims to settle all bills within thirty days. In 2009-10, 100% of creditor invoices were paid within 30 days of being received (2008-09, 98%). Every effort is also made by PLR to effect payments to authors on the annual date fixed by the Registrar. However, as a result of failure by authors to notify PLR of changes in address or bank details, and of other circumstances outside the control of the Registrar, it may

not always be possible to make payment. In such cases, the Registrar is required to hold payments as debts due to the authors concerned for up to six years during which period all reasonable efforts are made by PLR to effect payment.

The Public Lending Right Scheme has suffered no protected personal data incidents during 2009-10 or prior years and has made no report to the Information Commissioner's office.

Superannuation

The PCSPS is a "pay-as-you-go" statutory unfunded pension scheme. In accordance with Section 40 of the Social Security Pensions Act 1975 such schemes are exempted from the need to set up funds. The liability to pay pensions is underwritten by an understanding that in accordance with existing legislation, in particular the Superannuation Act 1972, the Government is obliged to provide benefits to members of such schemes in accordance with their respective rules.

Results and Appropriations

The Fund is distributed after deduction of the Registrar's remuneration, administrative costs, and payments to local authorities.

Staffing Matters

The Registrar of Public Lending Right is committed to promoting effective consultation and communications with his staff. PLR has one operational team which meets regularly to discuss matters relating to PLR's activities. Additionally, staff are briefed on matters discussed at management meetings. PLR recognises the Public and Commercial Services Union for the purpose of collective bargaining.

The Registrar of Public Lending Right makes every effort to employ disabled people in suitable employment and gives full and fair consideration to applications for employment of disabled people.

Average number of days absence per employee due to sickness was 5.27.

The Euro

The activities of Public Lending Right are mainly within the United Kingdom. Exposure to transactions denominated in the Euro occurs in respect of authors resident overseas. These are treated no differently from transactions in any foreign currency. Public Lending Right's systems are accordingly already Euro-enabled.

Sustainable Development

We are committed to the government's priorities for sustainable development. We contribute to the targets for Consumption and Production and Climate Change and Energy. We are limited by our tenancy of Richard House in the range of measures we can take but have prioritised waste reduction, paper use and energy consumption. These are now embedded in our everyday working practices and we have introduced carbon footprint monitoring. Our reduced carbon footprint for 2009-10 stands at 19.82 tonnes and we continue to emphasise the importance to staff of choosing the greener options for business travel.

Social and Community Issues

The PLR Scheme provides social and community benefits through its support for authors and public libraries. PLR payments sustain the livelihoods of the country's authors and thereby support the creative economy. A successful creative economy ensures the continued supply of new books to public libraries which play a vital role in community life by providing free access to information, learning and enjoyment to people from all social groups and backgrounds.

Auditors

The audit of the Public Lending Right Central Fund accounts is carried out by the Comptroller and Auditor General under section 2(6) of the Public Lending Right Act 1979.

As far as the Registrar is aware, there is no relevant audit information of which PLR's auditors are unaware.

The Registrar has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that PLR's auditors are aware of that information.

J G Parker
Registrar
29 June 2010

Annex A

PLR Management Board

The members of the Management Board during the year were:

Dr James Parker, OBE (Chairman)

Ms Tracy Chevalier

Ms Meg Davis

Mr Rob Froud, OBE (appointment ended 1 December 2009)

Mr David Philip (appointed 26 August 2009)

None of the Management Board members received any remuneration from PLR. However, members are reimbursed for expenses incurred in fulfilling their duties.

PLR Audit Committee

The members of the Audit Committee during the year were:

Mr Mike Dewsnap (Chairman) (appointment ended 16 June 2009)

Mr Brian Dawson (Chairman) (appointed 16 June 2009)

Ms Pat Hunt

Dr James Parker, OBE

Remuneration Report

Registrar's Salary and Superannuation

As specified in the Act, the Registrar's own remuneration and superannuation costs are charged directly against the annual Grant in Aid (2009/10 £7,582,000). As they are not made from the Central Fund, they do not appear in these accounts. A reconciliation to the grant received is shown at note 3. In 2009-10 the total deduction was £83,113 (2008-09, £89,645).

The Registrar is appointed by the Secretary of State for Culture, Olympics, Media and Sport. He is employed on the basis of a five-year appointment (renewable) and the terms of his appointment are as set out in the schedule to the PLR Act 1979 and his letter of appointment.

A remuneration committee meets annually to assess the Registrar's performance and, if appropriate, to recommend to Ministers a pay award on the basis of criteria set out in the terms of reference provided by DCMS. The whole of any annual pay award to the Registrar is performance-based. Pay awards to the Registrar are dependent on the approval of DCMS Ministers. The committee acts in consultation with DCMS whose advice on wider government pay policy informs the committee's annual recommendations.

The Registrar provides the committee with an annual report setting out in detail his success in meeting KPIs agreed with DCMS. The committee may call for further information if required.

Members of the Committee during the year were:

- Mr Rob Froud, OBE (Chairman) (appointment ended 1 December 2009)
- Ms Meg Davis (appointed 25 February 2010)
- Mr David Philip (appointed 26 August 2009)
- Ms Tracy Chevalier (Chairman) (appointed 25 February 2010)

The Registrar's appointment has been renewed for a period of five years from 1 August 2006.

The Registrar's notice period is three months and any termination payments would be in accordance with contractual terms.

The information in the remainder of the remuneration report is subject to audit

The Registrar's total remuneration is determined by DCMS. It consisted of a basic salary of £63,257. The Registrar accepted a consolidated increase in salary this year of 1.5% but declined to take up a non-consolidated bonus. (2008-09 total emoluments were made up of £62,322 basic salary plus a non-consolidated bonus of £6,110.) The Registrar's superannuation costs were £13,790 and are charged at 21.8% of annual salary.

Registrar's Pension

	Real increase in pension at 60	Real increase in related lump sum at 60	Accrued pension at 60 at 31 March 2010	Accrued lump sum at 60	Cash equivalent transfer value		
					As at 1 April 2009	As at 31 March 2010	Real increase in year
	£'000	£'000	£'000	£'000	£'000	£'000	
Dr James Parker	0 - 2.5	1 - 3.5	10 - 25	60 - 75	496	548	25

During the year the Registrar received no benefits in kind.

Pension benefits are provided through the PCSPS. Further pension disclosures are made in note 22. The above table shows the cash equivalent transfer values (CETV) accrued at the beginning and end of the reporting period and the increase in CETV effectively funded by the employer. The closing CETV balance reflects transferred in rights from the Registrar's previous employment.

A CETV is the actuarially assessed capitalised value of the pension benefits accrued by a member at that point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV would be the payment made by a pension scheme to secure pension benefits in another scheme if the member chooses to transfer the benefits accrued to another scheme. The CETV includes the value of any pension benefits which have been transferred in to the PCSPS. They also include any additional benefit accrued as a result of the member's purchase of additional years of pension service at their own cost.

J G Parker
Registrar
29 June 2010

RESPONSIBILITIES OF THE REGISTRAR AND DCMS ACCOUNTING OFFICER

Under section 2(6) of the Public Lending Right Act 1979, the Registrar, as Accounting Officer, is required to prepare a statement of accounts for the Public Lending Right Central Fund for each financial year in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Central Fund's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Registrar is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the accounts direction issued* by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Central Fund will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport is the Accounting Officer for payments to the Registrar.

Under Section 2(1) of the Public Lending Right Act 1979, the Central Fund is placed under the management and control of the Registrar who is also responsible for the keeping of proper records. The Accounting Officer of the Department for Culture, Media and Sport has designated the Registrar as the Accounting Officer for the use of, and expenditure from, the Central Fund. As Accounting Officer he has overall responsibility for the propriety and regularity of the Public Lending Right Central Fund finances for which he is answerable to Parliament and for the keeping of proper records. His responsibilities as Accounting Officer are set out in the Statement of Accounting Officer's Responsibilities issued by the Treasury and published in the *Government Financial Reporting Manual*.

*A copy of the accounts direction can be obtained from the following address:
Public Lending Right, Richard House, Sorbonne Close, Stockton-on-Tees, TS17 6DA.

J G Parker
Registrar

29 June 2010

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of PLR policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money and ensuring compliance with the requirements of PLR's Framework Document.

Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control takes account of Treasury guidance and is based on an ongoing process designed to identify the principal risks to the achievement of PLR policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Capacity to handle risk

Risk evaluation informs our actions in managing risks efficiently and effectively as we implement our plans to achieve objectives over the coming years. Risk management is incorporated into PLR's strategic planning process and decision making processes. The Registrar provides leadership in the risk management process by taking personal responsibility for PLR's corporate risks which are set out in PLR's Risk Register and discussed regularly with the PLR management team. The continuing relevance of existing risks and the emergence of possible new risks are also discussed at PLR team meetings involving all PLR staff. Risk management is firmly embedded in our operating systems. As part of our approach we now identify our objectives and risks and have determined a control strategy for each of the significant risks. A risk management policy document is sent to all staff setting out PLR's risk strategy.

The annual audit plan is drawn up with contributions from me as the Accounting Officer and approved by the Audit Committee. Internal audit provides the Accounting Officer with reports on those systems identified in the annual audit plan and these are then presented to the Audit Committee. Such reports include the internal auditor's independent view on the adequacy and effectiveness of PLR's system of internal control and progress against recommendations made in previous financial years.

The risk and control framework

PLR's Risk Register is kept under continuous review by the Registrar, the Management Board, the Audit Committee and PLR's management team. Two of the challenges that the Registrar and his team face are achieving the savings relating to PLR's VFM targets agreed with DCMS for the period 2008-11 and maintaining staff commitment to the operation of the Scheme against a background of uncertainty over PLR's future governance and operational arrangements (see Note 24).

Other risks relate to the security of data held in PLR's information systems. Due to the small size of the PLR team we are reliant on external suppliers to provide key services. PLR has also recognised risks to the effective management of the Scheme posed in addressing new central government and other initiatives and the risk of failing to meet business targets as a result of inadequate planning. We aim to manage these risks by use of best-practice project management procedures which will give advance warning of overload problems; by the implementation of an Information System Security Policy supported by related staff training; by a constant emphasis on VFM and use of new technologies to enable us to achieve more with existing resources; and by promoting and maintaining good relations with partner bodies on whom we rely for services. PLR is acutely aware of the consequences of not managing these risks effectively and the adverse effect it could have on our authors.

Key controls of the system include:

- A three-year Funding Agreement with the Department for Culture, Media and Sport (DCMS), with key performance targets reviewed half-yearly;
- comprehensive budgeting systems with an annual budget, which is approved by the Registrar and incorporated into the Corporate Plan;
- quarterly reviews of risk management and internal control during the year by the Registrar and his management team and reporting of key risks to the Management Board and the Audit Committee;
- six monthly reports from the internal auditors who give an independent and objective opinion on PLR's internal control systems, corporate governance and risk management to the Audit Committee, make recommendations for improvement and keep PLR abreast of current best practice;

STATEMENT ON INTERNAL CONTROL (cont'd)

- a range of internal controls reviewed by the internal auditors to provide assurance over the effectiveness and reliability of key PLR processes such as book loans data collection, author and book registration, payment calculation and distribution.

Review of effectiveness

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and PLR's executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Management Letter and other reports. I am also guided in this regard by the Audit Committee which advises me on the effectiveness of PLR's internal control systems. PLR has been using the services of Baker Tilly to provide internal audit services, operating to standards defined in the Government Internal Audit Standards. For the financial year 2009-10 Baker Tilly found that PLR had adequate and effective risk management control and governance processes to manage the achievement of the organisation's objectives. In addition to overall annual audit assurance and regular block reports on which to base its advice, the Audit Committee receives copies of PLR's Corporate Plan and other strategy documents; details of key risks and lists of other evidence used by the Registrar to assess the robustness of PLR control systems; and regular progress reports on PLR's implementation of outstanding audit recommendations. The PLR Management Board also reviews PLR's Risk Register and any Priority One internal audit findings.

In light of the evidence available to me, I believe that PLR has had all the necessary risk management and review processes in place throughout 2009-10.

J G Parker
Registrar

29 June 2010

PUBLIC LENDING RIGHT CENTRAL FUND

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Public Lending Right Central Fund for the year ended 31 March 2010 under the Public Lending Right Act 1979. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Registrar, the Accounting Officer of the Department for Culture, Media and Sport and auditor

As explained more fully in the Statement of Registrar's Responsibilities, the Registrar is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Lending Right Central Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Lending Right Central Fund; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Public Lending Right Central Fund's affairs as at 31 March 2010 and of its deficit, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Public Lending Right Act 1979 and Secretary of State for Culture, Olympics, Media and Sport's directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State for Culture, Olympics, Media and Sport's directions issued thereunder by the Public Lending Right Act 1979; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
7 July 2010

National Audit Office
157 - 197 Buckingham Palace Road
Victoria, London SW1W 9SP

PUBLIC LENDING RIGHT CENTRAL FUND

NET EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

			2009-10	2008-09
	Note	£	£	£
EXPENDITURE				
Staff Costs	4	(344,849)		(492,778)
Depreciation	12	(10,822)		(10,814)
Other Operating Charges	5	(276,763)		(274,690)
Irish PLR Project Expenditure	7	(13,684)		(7,454)
Public Lending Right to Authors		<u>(6,759,890)</u>		<u>(6,630,381)</u>
			(7,406,008)	(7,416,117)
INCOME				
Transfer from PLR Reserve	9	-		33,937
Other Operating Income	6	75		100
Irish PLR Project Income	7	<u>40,705</u>		<u>24,070</u>
			<u>40,780</u>	<u>58,107</u>
Operating Deficit			(7,365,228)	(7,358,010)
Cost of capital	23	26		(1,414)
Interest received		<u>960</u>		5,530
			<u>986</u>	<u>4,116</u>
Net expenditure after cost of capital and interest			(7,364,242)	(7,353,894)
Reversal of cost of capital			(26)	1,414
Corporation Tax	10		<u>(5,876)</u>	<u>(4,651)</u>
Net expenditure for the financial year			<u>(7,370,144)</u>	<u>(7,357,131)</u>

The income and expenditure relate to continuing activities.

The notes on pages 28 to 38 form part of these accounts.

PUBLIC LENDING RIGHT CENTRAL FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

		31 March 2010	31 March 2009	1 April 2008
	Note	£	£	£
NON-CURRENT ASSETS				
Property, plant and equipment	12	50,337	26,873	6,912
Total Non-Current Assets		50,337	26,873	6,912
CURRENT ASSETS				
Trade and other receivables	14	24,148	44,119	23,811
Cash and cash equivalents	15	130,044	91,809	171,276
Total Current Assets		154,192	135,928	195,087
Total Assets		204,529	162,801	201,999
CURRENT LIABILITIES				
Trade and other payables	16	(129,094)	(136,135)	(128,194)
Taxation		(5,876)	(4,651)	(3,955)
Total Current Liabilities		(134,970)	(140,786)	(132,149)
Non-current assets plus/less net Current assets/liabilities		69,559	22,015	69,850
NON-CURRENT LIABILITIES				
Provisions	17	-	(90,113)	(82,528)
Total Non-Current Liabilities		-	(90,113)	(82,528)
Assets less liabilities		69,559	(68,098)	(12,678)
Reserves				
General Reserve		58,649	(70,094)	(33,471)
Public Lending Right Reserve	9	10,910	1,996	20,793
		69,559	(68,098)	(12,678)

The notes on pages 28 to 38 form part of these accounts.

J G Parker
Registrar

29 June 2010

PUBLIC LENDING RIGHT CENTRAL FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

		2009-10	2008-09
	Note	£	£
Cash flows from operating activities			
Net deficit after cost of capital and interest		(7,364,242)	(7,353,894)
Adjustment for cost of capital charge		(26)	1,414
Depreciation	12	10,822	10,814
Decrease/(Increase) in trade and other receivables	14	19,971	(20,308)
(Decrease)/Increase in trade payables	16	(7,041)	7,941
(Decrease)/Increase in redundancy provision	17	(90,113)	7,585
(Decrease)/Increase in PLR Reserve provision	9	<u>8,914</u>	<u>(18,797)</u>
Net cash outflow from operating activities		<u>(7,421,715)</u>	<u>(7,365,245)</u>
Tax Paid		<u>(4,651)</u>	<u>(3,955)</u>
Cash Flows from investing activities			
Purchase of property, plant and equipment	12	<u>(34,286)</u>	<u>(8,222)</u>
Net cash outflow from investing activities		<u>(34,286)</u>	<u>(8,222)</u>
Cash Flows from financing activities			
Grant from DCMS (Net of Registrar's costs)	3	<u>7,498,887</u>	<u>7,297,955</u>
Net Financing		<u>7,498,887</u>	<u>7,297,955</u>
Net increase/(decrease) in cash and cash equivalents in the period	15	38,235	(79,467)
Cash and cash equivalents at the beginning of the period		91,809	171,276
Cash and cash equivalents at the end of the period		130,044	91,809

The notes on pages 28 to 38 form part of these accounts.

PUBLIC LENDING RIGHT CENTRAL FUND

STATEMENT OF CHANGES IN TAX PAYER'S EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	General	PLR	Total
	£	£	£
Balance at 31 March 2008	(22,600)	20,793	(1,807)
Changes in Accounting Policy (see Note 2)	(10,871)	-	(10,871)
	<hr/>		
Restated balance at 1 April 2008	(33,471)	20,793	(12,678)
	<hr/>		
Changes in reserves 2008-09			
Balance at 31 March 2008	(33,471)	20,793	(12,678)
Transfer to PLR Reserve	-	15,230	15,230
Net Expenditure	(7,362,160)	(34,027)	(7,396,187)
Grant from DCMS	7,297,955	-	7,297,955
Revalued assets	22,553	-	22,553
Changes in Accounting Policy	5,029	-	5,029
	<hr/>		
Restated balance at 1 April 2009	(70,094)	1,996	(68,098)
	<hr/>		
Changes in taxpayers' equity 2009 -10			
Balance at 31 March 2009	(70,094)	1,996	(68,098)
Transfer to PLR Reserve	-	8,914	8,914
Net Expenditure	(7,370,144)	-	(7,370,144)
Grant from DCMS	7,498,887	-	7,498,887
	<hr/>		
Balance at 31 March 2010	58,649	10,910	69,559
	<hr/>		

PUBLIC LENDING RIGHT CENTRAL FUND NOTES TO THE ACCOUNTS AT 31 MARCH 2010

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

These financial statements are the first to be prepared in accordance with IFRS and accordingly IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied in preparing these financial statements. Reconciliations disclosing the effect of the transition from UK GAAP to IFRS on PLR's financial statements are shown in note 2. Comparative figures in respect of 2008-09 have been restated to reflect these adjustments.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Public Lending Right for the purpose of giving a true and fair view has been selected. The particular policies adopted by Public Lending Right are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2010, have been adopted for the first time in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

Effective for Future Financial Years

The following IFRSs, IFRIC Interpretations and Amendments applicable to PLR, have been issued but are not yet effective and have not been adopted early by PLR:

IAS 24 *Related Party Transactions* (effective 1 January 2011) – The amendment provides exemption for full disclosure of transactions with state-controlled entities and is not expected to impact the current exemption allowed within the FReM. IAS 24 also extends the definition of a related party to include relationships where joint control exists.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

Assets and Depreciation

PLR has no property assets. Items of IT and office equipment and fixtures and fittings costing in excess of £1,000 are added to the tangible assets register. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less the estimated residual value of each asset, over its expected useful life. Depreciation is charged from the date the asset comes into use. Items under £1,000 are expensed in the year of purchase. Items over £1,000 are depreciated over 3 years for computer and office equipment and 10 years for fixtures and fittings. Depreciated historical cost is used as a proxy for current value for named classes of assets (where appropriate).

Foreign Exchange

PLR earnings to authors living outside the UK are made in Euros. Payments will be converted to Euros from Sterling at the rate that applies on the day on which they are paid from PLR's bank account.

Tax

The tax expense represents the current tax expense.

The tax currently payable is based on deposit account interest received and profit from any trading activities undertaken by PLR. Taxable profit may differ from accounting profit as reported in the net expenditure account because it excludes items of income and expense that are taxable or deductible. The liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

PLR is not registered for VAT and therefore all costs are shown inclusive of VAT where VAT has been charged.

Grant Receivables

The FReM requires Non-Departmental Public Bodies (NDPBs) to account for grants and grant-in-aid as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs.

Grant-in-Aid received from DCMS is credited directly to the general reserve after the Registrar's costs have been deducted.

Operating Income

Any profit taken from trading activities undertaken by PLR will be added to the PLR author fund to supplement annual earnings. Actual costs incurred on trading activities will be deducted from gross income.

Leases

Costs relating to operating leases are charged to the income and expenditure account over the life of the lease.

Employee Benefits

Costs relating to employee benefits are based on the level of accrued unpaid leave or other accrued employment rights outstanding at 31.3.10. Costs for unpaid leave are calculated by multiplying employees' daily payment rate by the outstanding number of days. There are no employment rights outstanding.

Redundancy Provision

As part of the Registrar's strategy to meet the running cost targets in PLR's Funding Agreement with DCMS, one member of staff was made redundant in 2008-09. Redundancy payments are calculated in line with PCSPS rules.

Capital Charge

A charge, reflecting the cost of capital utilised by Public Lending Right, is included in the expenditure account. The charge is calculated at the real rate set by Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities.

Pensions

Past and present employees are covered by the provisions of the Principle Civil Service Pension Scheme (PCSPS). The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependant's benefits. The Central Fund recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Financial Instruments

Financial assets and financial liabilities are recognised on PLR's balance sheet where PLR has become party to the contractual provisions of the instrument.

Financial Assets

Trade Receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of PLR after deducting all of its liabilities.

Trade Payables

Trade payables are initially recognised at fair value.

NOTE 2 FIRST TIME ADOPTION OF IFRS

	General Reserve	PLR Reserve	Total
	£	£	£
Taxpayer's equity at 31.3.09 under UK GAAP	(64,252)	1,996	(62,256)
Adjustments for:			
Staff Benefits accrued under IAS 19	(5,842)	-	(5,842)
	<hr/>	<hr/>	<hr/>
Taxpayer's equity at 1.4.09 under IFRS	(70,094)	1,996	(68,098)
	<hr/>	<hr/>	<hr/>
Net expenditure for 2008-09 under UK GAAP	(7,362,160)	(34,027)	(7,396,187)
Adjustments for:			
Movement in staff benefits accrued under IAS 19	5,029	-	5,029
	<hr/>	<hr/>	<hr/>
Net Expenditure for 2008-09 under IFRS	(7,357,131)	(34,027)	(7,391,158)
	<hr/>	<hr/>	<hr/>

Unpaid leave in the form of outstanding holiday entitlement due to employees at 31.3.09 was £5,842. There were no other outstanding holiday entitlements.

PLR held cash balances of £91,809 reported under UK GAAP at 31 March 2009; it did not hold any cash equivalents.

NOTE 3 HM GOVERNMENT GRANT

	2009-10	2008-09
	£	£
Grant for PLR (DCMS RfR1)	7,582,000	7,387,600
LESS Registrar's Costs	(83,113)	(89,645)
	<hr/>	<hr/>
Grant to Central Fund	7,498,887	7,297,955
	<hr/>	<hr/>

The Registrar's Costs comprise the salary and National Insurance payments of the present Registrar.

The difference between the Registrar's salary and superannuation costs shown in the remuneration report of £77,047 (£82,891 in 2008-09) and the Registrar's Costs shown above of £83,113 (£89,645 in 2008-09) is employer's National Insurance contributions of £6,066 (£6,754 in 2008-09).

NOTE 4 STAFF NUMBERS AND RELATED COSTS

	2009-10	2008-09
	£	£
Salaries	278,736	321,920
Employer's National Insurance	15,521	14,827
Superannuation	50,592	65,360
Redundancy Provision	-	90,671
	<u>344,849</u>	<u>492,778</u>
Average number of whole time equivalent persons employed during the year (excluding the Registrar)	9	11
Average number of days absence per employee due to sickness	5.27	3.7

In addition to the above salary costs, £10,379 has been charged directly to project expenditure (see note 7).

NOTE 5 OTHER OPERATING CHARGES

	2009-10	2008-09
	£	£
Administration	105,468	98,874
Accommodation	51,124	49,862
Computer Operating Costs	17,374	19,912
Local Authorities	19,090	20,909
Consultants	11,623	11,760
Rentals under operating leases	72,084	73,373
	<u>276,763</u>	<u>274,690</u>

Included in administration expenditure is the exchange rate gain of £1,919 incurred on outstanding payments to PLR authors (loss of £10,198 in 2008-09).

NOTE 6 OTHER OPERATING INCOME

	2009-10	2008-09
	£	£
Other (PAYE incentive)	75	100

NOTE 7 IRISH PLR PROJECT - COSTS OF SALES AND PROFIT

	2009-10	2008-09
	£	£
Income from Module 1	-	24,070
Income from Modules 2 and 3	37,000	
Support and Security Costs	3,705	
Cost of sales		
Development	9,180	5,551
Support	1,199	-
Security	3,305	728
Other	-	1,175
	<u>13,684</u>	<u>7,454</u>
Net Income	<u>27,021</u>	<u>16,616</u>

Fees charged for each stage of the project and support contract includes full cost recovery for all staff resource expenditure involved.

Net Income received will be used to supplement funds available for payments to authors.

The Registrar retains full ownership of all intellectual property of the hosted PLR software.

NOTE 8 OPERATING DEFICIT

	2009-10	2008-09
	£	£
The Operating Deficit of is stated after charging	(7,370,144)	(7,357,131)
External Auditor's remuneration -		
Audit Fee - statutory audit	18,000	17,500
- other audit services (IFRS)	3,500	3,000
Operating Leases -		
- Premises Rental	68,808	70,066
- Other leases	3,276	3,307
Travel, Subsistence & Hospitality	13,479	10,623
Staff Costs	344,848	492,778
Depreciation	10,822	10,814

NOTE 9 PUBLIC LENDING RIGHT RESERVE

	Balance b/f	Transferred from Creditors: PLR Renounced, Returned or Undistributed after 6 years	Public Lending Right Paid	Transfer to Income and Expenditure Account	Balance c/f
	£	£	£	£	£
Balance at 31.3.09	20,793	15,230	90	33,937	1,996
Balance at 31.3.10	1,996	9,007	93	-	10,910

The Public Lending Right Reserve is to cover probable further claims for payment of PLR. This is a statutory right enforceable by law - authors have the right to demand payment from the Registrar. Amounts held as creditors and subsequently renounced by authors, or unclaimed and undistributed after six years are transferred to the Reserve. If this is insufficient to meet claims in the year, an appropriation is made from the Net Expenditure Account. Funds will be transferred from the PLR reserve to the Net Expenditure Account to supplement the PLR author fund when necessary. Under the arrangements of the Scheme any unclaimed payments due will lapse after six years. Such amounts are retained in the Reserve for the benefit of authors. The Registrar considers that the Reserve carried forward is sufficient to meet probable claims.

NOTE 10 TAXATION

	2009-10	2008-09
	£	£
Current Tax		
UK – Current Year	5,876	4,651

The charge for the year can be reconciled to the profits chargeable to income tax as follows:

Interest Receivable	960	5,530
Profit from trading activities	27,021	16,616
	<u>27,981</u>	<u>22,146</u>
Tax at the domestic corporation tax rate of 21% (2008-09 – 21%)	5,876	4,651

NOTE 11 INTEREST RECEIVED

	2009-10	2008-09
	£	£
Interest on bank deposits	960	5,530

The lower interest figure for 2009-10 is due to the fall in bank interest rates.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	IT & Equipment	Fixtures & Fittings	TOTALS
	£	£	£
Cost or Valuation			
At 1 April 2009	75,004	67,434	142,438
Additions	34,286	-	34,286
Re-Categorised Costs	2,733	(2,733)	-
Disposals	(7,171)	-	(7,171)
At 31 March 2010	<u>104,852</u>	<u>64,701</u>	<u>169,553</u>
Depreciation			
At 1 April 2009	71,112	44,453	115,565
Charge in year	6,195	4,627	10,822
Re-Categorised Costs	2,733	(2,733)	-
Disposals	(7,171)	-	(7,171)
At 31 March 2010	<u>72,869</u>	<u>46,347</u>	<u>119,216</u>
Net Book Value at 31 March 2010	31,983	18,354	50,337
Net Book Value at 31 March 2009	3,892	22,981	26,873
Cost or valuation			
At 1 April 2008	65,689	50,343	116,032
Additions	4,080	4,142	8,222
Re-Categorised Costs	5,235	(5,235)	-
Disposals	-	(4,369)	(4,369)
Re-Valued	-	22,553	22,553
At 31 March 2009	<u>75,004</u>	<u>67,434</u>	<u>142,438</u>
Depreciation			
At 1 April 2008	60,523	48,597	109,120
Charge in year	6,735	4,079	10,814
Re-Categorised Costs	3,854	(3,854)	-
Disposals	-	(4,369)	(4,369)
Depreciation at 31 March 2009	<u>71,112</u>	<u>44,453</u>	<u>115,565</u>
Net Book Value at 31 March 2009	3,892	22,981	26,873
Net Book Value at 1 April 2008	5,166	1,746	6,912

NOTE 13 FINANCIAL INSTRUMENTS

As the cash requirements of Public Lending Right are met through Grant-in-Aid provided by the Department for Culture, Media and Sport, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with PLR's expected purchase and usage requirements and PLR is therefore exposed to little credit, liquidity or market risk. As payments to authors resident overseas are made in Euros, there are some risks associated with exchange rate variances.

PLR has a statutory obligation to hold unclaimed author payments for up to six years. These payments are not classed as a financial instrument as there is no contractual liability existing.

NOTE 14 TRADE AND OTHER RECEIVABLES

	31 March 2010	31 March 2009	1 April 2008
	£	£	£
Sundry Prepayments	-	1,289	1,131
Rent and Service Charge Prepayments	19,961	18,737	21,188
Sundry Debtors	482	23	1,492
Trade Debtors	3,705	24,070	-
	<u>24,148</u>	<u>44,119</u>	<u>23,811</u>

The fair value of trade and other receivables is not considered to be materially different from their carrying value

The average credit period taken is 30 days (2008-09 30 days, 2007-08 30 days)

There were no amounts falling due after one year

NOTE 15 CASH AND CASH EQUIVALENTS

	2009-10	2008-09
	£	£
Balance at 1 April	91,809	171,276
Net change in cash and cash equivalent balances	38,235	(79,467)
Balance at 31 March	<u>130,044</u>	<u>91,809</u>

These balances were held at commercial banks and cash in hand and are held in sterling.

The carrying value of cash and cash equivalents approximates to their fair value

NOTE 16 TRADE AND OTHER PAYABLES

	31 March 2010	31 March 2009	1 April 2008
	£	£	£
Amounts falling due within one year:			
Trade payables	18,512	22,320	18,096
Employee benefits – unpaid leave	7,198	5,842	10,871
Public Lending Right - Undistributed:			
02/03	-	-	9,018
03/04	-	8,910	9,452
(398 authors) 04/05	8,897	9,144	10,152
(403 authors) 05/06	10,388	11,925	13,396
(1,055 authors) 06/07	16,290	18,491	21,285
(1,100 authors) 07/08	19,953	25,110	35,923
(1,131 authors) 08/09	20,603	34,393	-
(1,170 authors) 09/10	27,253	-	-
	<u>129,094</u>	<u>136,135</u>	<u>128,194</u>

NOTE 17 PROVISIONS FOR LIABILITIES AND CHARGES

	2009-10	2008-09
	£	£
Balance at 1 April	90,113	82,528
Provided in year for redundancy payment		90,671
Provisions utilised in the year	<u>(90,113)</u>	<u>(83,086)</u>
Balance at 31 March	<u>-</u>	<u>90,113</u>
Analysis of expected timing of discounted flows:		
In the remainder of the Spending Review Period (to 2010)	-	90,113
Between 2010 and 2015	-	-
Between 2015 and 2020	-	-

NOTE 18 CAPITAL COMMITMENTS

At 31 March 2010 there were no capital commitments contracted for, or capital commitments approved but not contracted for (£nil at 31 March 2009).

NOTE 19 COMMITMENTS UNDER LEASES

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2009-10	2008-09
	£	£
Building		
Not later than one year	68,808	40,137
Later than one year but not later than five years	252,292	-
Later than five years	-	-
Other		
Not later than one year	-	3,415
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>321,100</u>	<u>43,552</u>

Lease agreement was renewed in November 2009. Public Lending Right has no finance leases.

NOTE 20 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 17

At 31 March 2010 there were no contingent liabilities (£nil at 31 March 2009).

NOTE 21 RELATED PARTY TRANSACTIONS

Public Lending Right is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year PLR has had various transactions with other Government Departments and public sector bodies which can be summarised as follows:

British Library - provision of bibliographic data

Local authorities - provision of loan sample

None of the members of PLR's Management Board, key managerial staff or other related parties has undertaken any material transactions with PLR during the year.

NOTE 22 PENSIONS

The PCSPS is an unfunded multi-employer defined benefit scheme but Public Lending Right is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet office; Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, the employers' contributions of £50,591 were payable to the PCSPS (2008-09, £65,360) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on the revised salary bands (the rates in 2008-09 were 17.1% to 25.5%). Employer contributions are to be reviewed every four years following a full scheme valuation by the scheme Actuary. The contribution rates are set to meet the cost of benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid in the year. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum death benefits on death in service and ill health retirement of employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

NOTE 23 NOTIONAL COST OF CAPITAL

Notional cost of capital is calculated as 3.5% of average carrying amount of all assets less current liabilities for the year (balance sheet) and amounts to £26 (2008-09, £1,414).

NOTE 24 POST BALANCE SHEET EVENTS

The annual report and accounts were authorised for issue by the Accounting Officer on 7 July 2010.

Following the General Election the new Culture Secretary in the Coalition Government has taken over responsibility for the Olympics. His full title is now Secretary of State for Culture, Olympics, Media and Sport.

In March 2010 the then Culture Secretary published a policy statement on the future of public libraries proposing the creation of a new strategic libraries body bringing together the functions of the Registrar of Public Lending Right, the Museums, Libraries and Archives Council and the Advisory Council on Libraries. Ministers in the new government have decided not to proceed with these proposals. A decision on the extension of PLR to audio and ebooks, as provided for by the Digital Economy Act, has been postponed until the Autumn spending review.

There were no other post balance sheet events.



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